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The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BUREAU OF LOAN AGENCIES

FOR THE

LICENSE YEAR ENDED SEPTEMBER 30, 1955

Mass. DEPARTMENT OF BANKING AND INSURANCE ;
↑ DIVISION OF BANKS AND LOAN AGENCIES

CHARLES P. HOWARD
COMMISSIONER OF BANKS



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The Commonwealth of Massachusetts

STATE HOUSE, BOSTON

MASS OFFICIALS

BUREAU OF LOAN AGENCIES

ROOM 109C, STATE HOUSE, BOSTON

ANNUAL REPORT FOR LICENSE YEAR ENDED
SEPTEMBER 30, 1955(Pursuant to provisions of Section 98 of General Laws (Ter. Ed.)
Chapter 140)*To the Honorable Senate and House of Representatives
of the Commonwealth of Massachusetts:*

During the license year beginning October 1, 1954 and ending September 30, 1955, there were issued a total of two hundred and seventy-nine licenses to engage in the business of making loans of \$300 or less under the supervision of this department. Two hundred and thirty-one of these licenses represented renewals, while forty-five new licenses were issued. Fifteen of the licensed companies did no business under their licenses during the license year.

In addition to the licensed agencies, there was one company subject to supervision which operates under a special charter. Since this company operates in a manner resembling that of a pawnbroker, its operational figures are not included in the statistical compilation. However, a statement of the financial condition of that company is shown in the exhibits in compliance with Chapter 62, Section 2, of the Acts of 1949.

In the license year just ended 203,692 loans amounting to \$39,578,695.07 were made. These figures represent a decrease of 14,064 in the number of loans made and \$2,221,188.97 in the amount of loans made during the last previous twelve-month period. With respect to the loans made of \$100 or less which are included in the foregoing figures, the decrease was 5,843 in number and \$475,271.47 as to amount. On September 30, 1955 there were 152,328 loans outstanding with a book value of \$21,948,694.22.

Gross income for the period totaled \$5,277,557.38 of which \$70,889.76 represented recoveries on loans previously charged off. Operating expenses aggregating \$4,350,657.08 include \$626,240.47 of home office expenses; charge-offs on bad debts amount to \$290,987.86 and additions of \$144,764.69 to valuation reserves combine to make an expense total of \$4,786,409.63 which, deducted from gross income, leaves a balance of \$491,147.75 representing net earnings before deductions of interest paid on borrowed funds.

Respectfully submitted,

MARTIN J. HANLEY

Supervisor of Loan Agencies

Approved:

CHARLES P. HOWARD

Commissioner of Banks

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Loan Company, Boston.

Exhibit A

COMPOSITE STATEMENT OF FINANCIAL CONDITION SEPTEMBER 30, 1955

<i>Assets and Liabilities</i>		<i>Licensed Agencies</i>
261 Licensees		261
<i>Assets</i>		
Cash in Office and in Banks		\$ 1,824,790.96
Loans Receivable of \$300 or Less		21,948,694.22
Real Estate (Less Accumulated Depreciation—Buildings)		51,695.46
Furniture, Fixtures, Equipment and Automobiles (Less Accumulated Depreciation)		377,299.18
Deferred Charges		165,167.96
Organization and Development Expense		92,731.27
Cost of Financing		2,623.71
Prepaid Expense on Accounts Purchased		796.05
Other Assets:		
(a) Miscellaneous Accounts Receivable		273,425.84
(b) Accrued Interest Receivable		14,609.58
(c) Investments		726,955.66
(d) Miscellaneous		38,641.20
Total Assets		<u>\$25,517,431.09</u>
<i>Liabilities and Capital</i>		
Accounts and Notes Payable:		
(a) Banks		\$ 1,223,972.76
(b) Due to Parent Company or Affiliates		6,037,979.52
(c) Other Short-Term Notes and Accounts		1,079,363.67
Other Liabilities:		
(a) Accrued Expenses		88,542.22
(b) Other		134,370.08
Bonds		558,171.99
Treasury Certificates		367,041.41
Valuation Reserves:		
(a) Bad Debts		616,184.25
(b) Purchased Accounts (Face Value Less Purchase Price)		44.75
(c) Other		33,632.13
Expense Reserves:		
(a) Taxes		204,045.95
(b) Other		7,990.35
Branch Office Capital (Home Office Control)		10,793,648.4
Net Worth (if Individual or Partnership)		32,280.63
Capital Stock (if Corporation):		
(a) Preferred		543,224.87
(b) Common		1,719,664.61
Appropriated Surplus or Capital Reserves		284,027.68
Retained Earnings		<u>1,793,245.79</u>
Total Liabilities and Capital		<u>\$25,517,431.09</u>

Exhibit B

COMPOSITE STATEMENT OF PROFIT AND LOSS FOR LICENSE
YEAR ENDED SEPTEMBER 30, 1955

261 Licensees

Gross Income Derived From Small Loan Business

Charges on Loans of \$300 or Less	\$5,184,743.41
Collections on Accounts Previously Charged Off	70,889.76
Other Income	21,924.21
Total Gross Income Derived From Small Loan Business	\$5,277,557.38

*Expenses of Conducting Small Loan Business
in Massachusetts*

Advertising	\$ 321,026.70
Auditing	16,237.16
Bad Debts:	
(a) Charged Off	290,987.86
(b) Addition to Reserve	144,764.69
Depreciation of Furniture, Fixtures, Equipment and Automobiles	46,234.05
Insurance and Fidelity Bonds	24,503.35
Legal Fees and Disbursements	57,080.60
License Fees	52,200.00
Postage and Express	55,849.07
Printing, Stationery, and Supplies	67,513.32
Recording and Acknowledging Fees (When Paid by Licensee)	5,615.84
Rent, Heat, Light and Janitor Service	254,918.67
Salaries	1,745,144.49
Taxes (Excluding Federal and State Taxes on Income):	
(a) Federal Social Security	44,542.72
(b) State and Local	27,243.57
(c) Miscellaneous	2,083.48
Telephone and Telegraph	170,671.06
Travel, Automobile Expenses and Allowances	123,829.48
Other Expenses:	
(a) Bookkeeping and Corporation Services	35,802.55
(b) Dues and Subscriptions	16,120.37
(c) Credit Reports	36,938.74
(d) Pension Fund Contribution	35,922.51
(e) Sundry	154,835.56
	\$3,730,065.84

*Home Office Expenses
Allocated to Branches in Massachusetts*

Advertising	\$66,191.55
Auditing	31,346.09
Bad Debts:	
(a) Charged Off	5,049.85
(b) Addition to Reserve	7,681.20
Depreciation of Furniture, Fixtures, Equipment and Automobiles	16,458.30
Insurance and Fidelity Bonds	55,094.72
Legal Fees and Disbursements	606.56
License Fees	4,575.46
Postage and Express	33,308.61
Printing, Stationery, and Supplies	209.90
Recording and Acknowledging Fees (When Paid by Licensee)	28,349.31
Rent, Heat, Light and Janitor Service	179,271.98
Salaries	
Taxes (Excluding Federal and State Taxes on Income):	
(a) Federal Social Security	3,726.72
(b) State and Local	11,078.36
(c) Miscellaneous	7.07
Telephone and Telegraph	4,704.11
Travel, Automobile Expenses and Allowances	23,106.90
Other Expenses:	
(a) Bookkeeping and Corporation Services	26,622.53
(b) Dues and Subscriptions	1,133.59
(c) Credit Reports	1,439.12
(d) Pension Fund Contributions	15,605.03
(e) Supervision and Administration	110,673.51
	626,240.47
Total Expenses Before Income Taxes	4,356,306.31
Federal Taxes on Income	384,528.71
State Taxes on Income	45,574.61
	430,103.32
Total Expenses After Income Taxes	\$4,786,409.63
Net Earnings After Income Taxes, but Before Cost of Borrowed Funds	\$ 491,147.75

Exhibit C

ANALYSIS OF LOANS BY SIZE

261 Licensees				Number	Amount
Loans Made During the Year (Loans of \$300 or Less):					
(a) Loans of \$25.00 or Less	.	.	.	269	.14%
(b) Loans of 25.01 to \$50.00	.	.	.	5,243	2.57
(c) Loans of .50.01 to 100.00	.	.	.	25,647	12.59
(d) Loans of 100.01 to 150.00	.	.	.	41,476	20.36
(e) Loans of 150.01 to 200.00	.	.	.	35,280	17.32
(f) Loans of 200.01 to 300.00	.	.	.	95,777	47.02
Total of Loans of \$300 or Less	.	.	.	203,692	100.00
					\$39,578,695.07
					100.00

Exhibit D

ANALYSIS OF LOANS BY TYPES OF SECURITY

261 Licensees				Number	Amount
Loans Made During the Year (Loans of \$300 or Less):					
(a) Chattel Mortgages on Household Goods	.	.	.	58,480	28.71%
(b) Automobiles	.	.	.	6,996	3.43
(c) Other Chattels	.	.	.	822	.40
(d) Unsecured Notes	.	.	.	124,945	61.34
(e) Endorsed and/or Co-Maker Notes	.	.	.	12,111	5.95
(f) Wage Assignments	.	.	.	9	.01
(g) Other Considerations	.	.	.	329	.16
Total	.	.	.	203,692	100.00
					\$12,850,569.77
					1,414,554.89
					152,737.71
					22,749,397.44
					2,357,738.64
					1,027.00
					52,669.62
					\$39,578,695.07
					100.00
					32.47%
					3.57
					.38
					57.48
					5.96
					.01
					.13
					100.00

Exhibit E

SMALL LOANS MADE BY ALL LENDERS UNDER SUPERVISION FOR THE LAST FIVE YEARS

1951		1952		1953		1954		1955	
Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
234,266	\$45,342,470.85	229,259	\$45,077,695.99	220,386	\$43,689,772.35	217,756	\$41,799,884.04	203,692	\$39,578,695.07

Exhibit F

STATEMENT OF FINANCIAL CONDITION OF COLLATERAL LOAN COMPANY,
BOSTON, AS OF SEPTEMBER 30, 1955

<i>Assets</i>	
Cash	\$ 159,434.11
Loans Outstanding	1,086,963.91
Accounts Receivable	1,463.00
Notes Receivable	
Merchandise Owned	20,420.25
Other Assets:	
Bonds	50,400.00
Treasury Stock	525,813.28
Real Estate Less Depreciation	93,193.00
Total Assets	<u>\$1,937,687.55</u>

<i>Liabilities and Capital</i>	
Borrowers' Surplus	\$ 2,146.27
Suspense Account	4,339.53
Reserves:	
(a) Taxes	5,884.56
(b) Contingencies	26,329.12
Capital Stock	1,500,000.00
Accounts Payable	73.75
Surplus	398,914.32
Total Liabilities	<u><u>\$1,937,687.55</u></u>



